Supreme Court, U.S.
FILED
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No. 95-524

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Petitioner,

—against—

DURACRAFT CORPORATION,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

BRIEF IN OPPOSITION

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34 pp

QUESTION PRESENTED

Petitioner was issued a U.S. utility patent on "a new and improved front grill and duct structure which increases the fan's capacity and efficiency while decreasing its sound over the prior art grills or no grills at all." The Petitioner's patent expressly claimed "a circular grill having . . . a series of arcuate shaped ribs" whose design, Petitioner represented, "provides an optimum flow of air at a standard power usage."

In the litigation below, the Petitioner attempted to characterize the "arcuate shaped ribs" disclosed and claimed in Petitioner's patent as "trade dress" whose use assertedly could be controlled and enjoined under 15 U.S.C. § 1125(a), regardless of the scope or duration of the claims in the Petitioner's patent. The Court of Appeals entered judgment dismissing Petitioner's "trade dress" claim, holding that the vane structure disclosed and claimed in Petitioner's utility patent was not a type of "nonfunctional configuration of goods" that could properly receive "trade dress" protection under applicable decisions of this Court.

The question presented is whether the Court of Appeals was correct in its holding that: "where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, *see* 35 U.S.C. § 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional" (58 F.3d at 1510).

STATEMENT PURSUANT TO RULE 29.6

Duracraft Corporation ("Duracraft") has no parent companies or nonwholly owned subsidiaries.

TABLE OF CONTENTS

Page

QUESTION PRESENTED i

STATEMENT PURSUANT TO RULE 29.6 ii

OPINIONS BELOW 2

STATEMENT OF THE CASE 2

The Vornado Improvement Patents 5

The Patented AirTensity™ Grill 7

Vornado's Shift of Positions 9

Vornado's Inexcusable and Inequitable Conduct 10

The District Court's Decision 12

The Stay Pending Appeal 13

The Decision of the Court of Appeals 14

REASONS FOR DENYING THE PETITION 19

I. THE DECISION BELOW FOLLOWS AND CORRECTLY APPLIES THIS COURT'S DECISIONS. 20

II. THE DECISION BELOW DOES NOT CONFLICT WITH THAT OF ANY OTHER CIRCUIT. 24

CONCLUSION 27

TABLE OF AUTHORITIES

Page(s)

CASES

Bonito Boats, Inc. v. Thunder Craft Boats, Inc.,
489 U.S. 141 (1989) 14, 15, 16,
. . . . . 17, 19, 21,
. . . . . 22, 23, 25, 26

Brunswick Corp. v. Spinit Reel Co.,
832 F.2d 513 (10th Cir. 1987) 26

Clamp Manufacturing Co. v. Enco Mfg. Co.,
870 F.2d 512 (9th Cir.),
cert. denied, 493 U.S. 872 (1989) 25, 26

Compco Corp. v. Day-Brite Lighting, Inc.,
376 U.S. 234 (1964) 14, 17, 20, 22

Duraco Products, Inc. v. Joy Plastic
Enterprises, Ltd., 40 F.3d
1431 (3d Cir. 1994) 18, 19

Elmer v. ICC Fabricating, Inc.,
67 F.3d 1571 (Fed. Cir. 1995) 24

Fabrica Inc. v. El Dorado Corp.,
697 F.2d 890 (9th Cir. 1983) 23

Ferrari S.P.A. Esercizio v. Roberts,
944 F.2d 1235 (6th Cir. 1991),
cert. denied, 112 S. Ct. 3028 (1992) 25

Interpart Corp. v. Italia,
777 F.2d 678 (Fed. Cir. 1985) 16

Jeffrey Milstein, Inc. v. Greger,
Lawlor, Roth, Inc., 58 F.3d 27 (2d Cir. 1995) 24

Page(s)

Kellogg Co. v. National Biscuit Co.,
305 U.S. 111 (1938) 14, 21

Knitwaves Inc. v. Lollytogs Ltd.,
1995 U.S. App. LEXIS 31942
(2d Cir. Nov. 13, 1995) 18

Kohler Co. v. Moen Inc.,
12 F.3d 632 (7th Cir. 1993) 24, 25

Qualitex Co. v. Jacobson Products Co.,
115 S. Ct. 1300 (1995) 18, 25

Scott Paper Co. v. Marcalus Manufacturing Co.,
326 U.S. 249 (1945) 21

Sears, Roebuck & Co. v. Stiffel Co.,
376 U.S. 225 (1964) 14, 16, 17, 20

Singer Manufacturing Co. v. June Mfg. Co.,
163 U.S. 169 (1896) 14, 22

Thomas & Betts Corp. v. Panduit Corp.,
65 F.3d 654 (7th Cir. 1995) 18, 24, 25, 27

Versa Products Co. v. Bifold Co., 50 F.3d 189
(3d Cir.), cert. denied, ___ U.S. ___,
116 S. Ct. 54 (1995) 24

STATUTES

15 U.S.C. § 1052 25

15 U.S.C. § 1091(c) 23

Page(s)

15 U.S.C. § 1094 23

15 U.S.C. § 1125(a) 10, 12, 13, 14, 17, 21, 24, 25

35 U.S.C. § 112 ¶ 1 5

MISCELLANEOUS

Dabney, State Law Protection of Intellectual Creations: Privacy and Preemption, 38 Syracuse L. Rev. 653, 663 (1987) 20

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ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

BRIEF IN OPPOSITION

The Respondent, Duracraft Corporation ("Duracraft"), respectfully requests that this Court deny the petition for writ of certiorari seeking review of the Tenth Circuit's decision in this case. Duracraft has already been put to unconscionable burden and expense defending this meritless lawsuit in which the Petitioner seeks to overturn a century's worth of this Court's decisions.

OPINIONS BELOW

The Tenth Circuit's opinion is reported at 58 F.3d 1498 (1995). The District Court's unreported opinions were issued June 20, 1994 (R.1600)[1] and March 4, 1994 (R.1221). The petition for certiorari fails to mention or include the District Court's June 20, 1994 opinion which found that Petitioner had "made inconsistent representations concerning the spiral grill" (R.1605).

STATEMENT OF THE CASE

Duracraft manufactures and sells electric fans and other DURACRAFT® brand household products (R.1616). Duracraft is the owner of U.S. Reg. No. 1,619,729 for the trademark DURACRAFT®, U.S. Reg. No. 1,648,066 for the trademark IDEAS BUILT TO LAST®, U.S. Reg. No. 1,755,135 for the trademark AIR DURACRAFT®, and numerous other trademark registrations and applications covering consumer household products (R.2111-25).

Since August 1990 (R.241-42), Duracraft has sold a household fan known as the DURACRAFT® Model DT-7 "Turbo Fan" (R.2395-2406). The DT-7 "Turbo Fan" incorporates an original and innovative design on which Duracraft was awarded U.S. Design Patent No. 323,708 (the "'708 Patent"), Figure 1 of which is reprinted below (R.1675-8):

U.S. Patent [illegible] Dec. 323,708

FIG. 1

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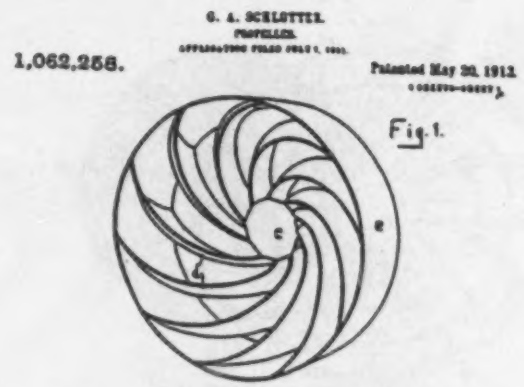
[1] As used in this Brief, references in the form "R.----" are to the record filed with the Court of Appeals.

In the four-year period ending June 15, 1994, Duracraft sold more than 2.2 million DURACRAFT® "Turbo Fan" units yielding net sales revenues of some $14.55 million (R.1610), not one dollar of which was proved at trial to have resulted from any supposed "confusion" of purchasers.[2] The fans were sold under Duracraft registered trademarks (R.2111-13, R.2395) and in packaging which the District Court found "bears little or no similarity to" that used by the Petitioner (R.1190; *compare* R.2391-94 *with* R.2395-99).

The complaint in this case concerns Duracraft's use of an 80-year-old technology (*see* 58 F.3d at 1500), exemplified by expired U.S. Patent No. 1,062,258 issued May 20, 1913, to G.A. Schlotter (R.1358), depicted below:



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[2] Petitioner's repeated suggestions that the DURACRAFT® Model DT-7 "Turbo Fan" was proved to have "confused" purchasers (e.g., Pet. at i) are unsupported and untrue.

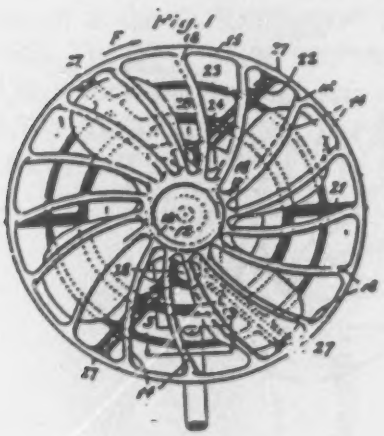
Axial flow fans[3] have a well-known tendency to waste energy by causing air to move, not just axially in the desired direction, but also tangentially or perpendicular to the axis of rotation (R.2199-2004, R.991-94, R.1002-03). Designers of axial flow fans have thus long used ducts and fixed vane structures to capture energy in air moving away from an axial flow fan's axis and to convert that energy into useful axial air flow (R.2199-2204, R.2133-43, R.1003-05).

It has long been known that curved or "arcuate" vanes add energy to the low velocity core of a jet produced by an axial flow propeller, and thereby provide a more compact jet with higher axial velocity and lower rotation than conventional straight vanes (R.1358, R.2004). This technology was applied to a household fan guard by not later than 1936 (*see* 58 F.3d at 1500), as shown in expired U.S. Patent No. 2,110,994 to J.H. Cohen, depicted below (R.2137):

Nov. 30, 1937. J. H. COHEN 2,100,994

FAN GUARD

Filed Feb. 6, 1935



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[3] An "axial flow" fan is one that propels air in the direction of the *axis* around which the propeller is rotating. *See* R. Wallis, *Axial Flow Fans and Ducts* (1993). Axial flow fans may be contrasted with "centrifugal" or "cross flow" fans in which air is propelled in a direction perpendicular to the fan's axis.

The Vornado Improvement Patents

In or about 1987, assignors of the Petitioner ("Vornado")[4] developed "a new and improved front grill and duct structure which increases the fan's capacity and efficiency while decreasing its sound over the prior art grills or no grills at all" (R.1241). Petitioner's assignors applied for and received two U.S. utility patents on this invention, U.S. Pat. No. 4,927,324 issued May 22, 1990 (the "'324 Patent"; R.1714-22), and U.S. Patent No. Re. 34,551 issued February 22, 1994 (the "'551 Patent"; R.1231-43). The latter patent contains "additional and broader claims concerning the grill than were stated in the '324 Patent" (R.1605; *see* 58 F.3d at 1510).

Figure 3 of the '324 Patent (R.1716) sets forth "the best mode contemplated by the inventor of carrying out his invention," 35 U.S.C. § 112 ¶ 1, as follows:

U.S. Patent May 22, 1990 Sheet 2 of 5 4,927,324

FIG 3

---

[4] The Petitioner is unrelated to the original user of the VORNADO name, O.A. Sutton Corp. ("O.A. Sutton"), which made and sold VORNADO fans between 1945 and 1959 (R.1882).

With reference specifically to the "curved ribs 84," depicted above, the '324 Patent recites:

> The longer length curved ribs 84, as compared with a conventional straight rib, provides a less rigid grill structure which can be desirable under certain circumstances such as impact shocks. In viewing Fig. 5, the fan blades not shown move in a clockwise direction from left to right, while the grill ribs 84 curve to the left from the center in the opposite direction which provides an optimum flow of air at a standard power usage (R.1721 col. 3, ll. 21-30).

Petitioner's contribution to the stator vane art lies not in the use of curved vanes per se, but in moving the point of maximum lateral spacing between curved vanes inboard from the outer radius of a grill structure, so that the point of maximum spacing between vanes was located at the impeller blade's point of maximum power (*see* 58 F.3d at 1500). The '324 Patent explains (R.1721, col. 3, ll. 15-21):

> The maximum lateral spacing between any pair of ribs 84 is inwardly from the outer radius 86 of the grill at a point approximate dimension X, as shown in FIG. 5. The impeller blade's point of maximum power is located at approximately 0.6 times its radius. This places the maximum power in a region of the grill wherein the rib spacing is at its maximum.

Because prior art vane structures, such as those disclosed in the Cohen and Schlotter patents depicted above, taught that use of arcuate vanes improved the efficiency of axial flow fans, Petitioner was required to "limit" its patent claims so as to leave the public – including Duracraft – free to practice the technology taught in the prior art. Each of the claims in Vornado's '324 and '551 Patents drawn to "arcuate shaped ribs" was accordingly "limited" to vane structures whose "maximum lateral spacing is inboard from said outer radius" (R.1721, col. 4, ll. 3-4; R.1722, col. 5 ll. 26-28).

Claim 11 of Petitioner's '551 Patent is representative and recites, in very precise language, the extent of Vornado's rights in the vane structure disclosed in that patent:

> *a circular grill having* an outer radius attached to the discharge end of the inner cowling, the grill including a center hub and *a series of arcuate shaped ribs* extending outwardly from the hub and *curving in the opposite direction of rotation* from said blades to said outer radius, and each rib being equally spaced from each other around the hub, the *maximum lateral spacing between the ribs is inboard from said outer radius* (R.1243 col. 5, ll. 27-36) (emphasis added).

The Patented AirTensity™ Grill

Since late 1988, Petitioner has manufactured and sold VORNADO® brand fans which precisely embody the invention of Petitioner's '324 and '551 Patents (*compare* R.1234 *with* R.2844). The front grill structure of VORNADO® fans has been heavily advertised as being the "Patented AirTensity™ Grill" (*e.g.*, R.2390), as being "[a] true achievement in aerodynamic efficiency" (R.1977), as being "the result of determinant ergonomic design" (R.1831), and as being "[u]niquely functional" (R.1838).

Following are typical advertising statements which Petitioner made prior to this litigation concerning the "Patented AirTensity™ Grill":

> Another example of how every design aspect enhances performance is the grill. Most grills are designed merely to meet federal safety requirements. While providing necessary protection, they also impede the flow of air. Vornado's engineers took the time and effort to solve that design problem. *Their patent-pending AirTensity grill* doesn't just

meet safety standards, it *actually amplifies the vortex for better, more efficient operation* (R.1936).

* * *

While the deep pitch propeller forces large volumes of air, *the patented AirTensity grill precisely focuses the air stream. A true achievement in aerodynamic efficiency, the AirTensity grill is specifically designed to amplify and enhance the naturally occurring vortex* created by the propeller (R.1977).

* * *

This unique design is intended to meet all applicable safety requirements while *minimizing the negative effect of placing a restriction over the air outlet.* The grill is designed to amplify and reinforce the naturally occurring vortex created by the propeller, so no energy is lost in "redirecting air." Again, the purpose is to circulate air, so *Vornado engineered a way to enhance what in other designs is a built-in performance flaw.* The result is a powerful, smooth, quiet vortex (R.1967).

* * *

Perhaps one of the most unique elements of the Vornado is *the patented Air Tensity™ grill. This feature is not "window dressing".* Vornado's anti-clockwise grill design, (relative to propeller spin), slows the rotation of the vortex created by the propeller. *This allows for deeper penetration of the air stream into the room* and, ultimately, thorough circulation of room air (R.1804, 796-98).

* * *

The AirTensity Grill accomplishes a high degree of safety and functionality. The grill design enhances vortex action of the Vornado by slowing rotation of the vortex. The result is a deep penetrating 'beam' of air which excites all the room air into motion and creates complete air circulation" (R.1825).

* * *

An integral part of the total air circulation system and the result of determinate ergonomic design, *the AirTensity Grill accomplishes a high degree of safety and functionality without introducing aerodynamic drag* (R.2003).

Vornado's Shift of Positions

Petitioner commenced this action on November 6, 1992, complaining that Duracraft had "intentionally copied plaintiff's grill design" (R.6), and that the arcuate vanes used in the DURACRAFT® Model DT-7 "Turbo Fan" assertedly constituted "plaintiff's grill design" (R.4). Petitioner knew, however, that the accused vane structure did not infringe any patents held by Vornado on the "Patented AirTensity™ Grill." The DURACRAFT® Model DT-7 "Turbo Fan" does *not* incorporate Vornado's inboard lateral spacing idea, and in fact, had been specifically designed around that limitation (R.223, R.227-28) – conduct which the District Court found was both "reasonable" (R.1188) and "good faith" (R.1155).[5]

To overcome the limitations in its utility patents on the "Patented AirTensity™ Grill," the Petitioner simply, in the District

---

[5] In addition to its utility patents on the functional features of VORNADO® fans, Vornado also holds a design patent on the overall configuration of VORNADO® fans (R.1723). Vornado made no claim of design patent infringement in the District Court – which is not surprising, since "[t]he overall configuration of the DT-7 differs from any Vornado fan" (R.1190).

Court's words, "changed its position" for purposes of this litigation (R.1184). Petitioner's complaint asserted that the curved vanes used in the "Patented AirTensity Grill" were "nonfunctional" "trade dress" (R.5) whose use assertedly could be enjoined under 15 U.S.C. § 1125(a), regardless of the scope or duration of the claims in Vornado's utility patents directed to the exact same subject matter.

The District Court frankly acknowledged that Petitioner's "trade dress" claim was questionable and unusual:

> Clearly, Vornado formerly claimed that the spiral grill was functional but has now changed its position and is claiming that the grill is non-functional (R.1184).
>
> The '551 patent reinforces the court's finding that Vornado has made inconsistent representations concerning the spiral grill. . . . It is enough to say that in the court's view Vornado has represented - and continues to represent - in connection with its patent applications that the spiral grill has functional characteristics that are *superior* to prior art grills. Such representations are inconsistent with Vornado's position in this case; indeed, they are inimical to the assertion that the spiral grill is nonfunctional for purposes of trade dress protection (R.1605) (emphasis in original).

The unusual character of Petitioner's "trade dress" claim was underscored by its conduct prior to and during this litigation.

Vornado's Inexcusable and Inequitable Conduct

The District Court found that: "Vornado learned of the existence of the DT-7 in January of 1991" (R.1200). "Despite this knowledge, Vornado took no steps to notify Duracraft that the DT-7 infringed on Vornado's alleged trade dress until this suit was filed on

November 6, 1992" (R.1200). "This delay was inexcusable" (R.1200).

Between January 1991 and November 1992, Duracraft successfully marketed the "Turbo Fan" to major U.S. retailers including K-Mart, Sears, Target, Payless, Walgreen's, Menard's, Lowe's, Builder's Square, Service Merchandise, and numerous others (R.1707-13). During this period Duracraft had "no notice whatsoever of Vornado's contention that the spiral grill could not be freely copied" (R.1202).[6]

The District Court continued: "By the time Vornado got around to notifying Duracraft that it was claiming the spiral grill as a protected trade dress, Duracraft had sold nearly one million DT-7 model fans in the United States" (R.1200). Vornado then let another full selling season go by, 1992-93, without seeking any interlocutory relief. By August 31, 1993, Duracraft had sold more than 1.7 million "Turbo Fan" units producing net sales revenues of more than $11.53 million (R.2132).

On September 8, 1993, the day before a scheduled settlement conference, Vornado moved for a preliminary injunction against any further sales of the "Turbo Fan" during the 1993-94 season. That motion was not granted; instead, the District Court advanced and held a plenary bench trial between October 18 and 22, 1993. The parties submitted proposed findings of fact and conclusions of law in November and December 1993, and made closing arguments to the District Court on January 24, 1994.

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[6] During the period of its delay in instituting this suit, Vornado quietly applied for (R.1843) and obtained U.S. trademark registration of a two-dimensional symbol (R.1840) that Vornado had started printing on shipping cartons in 1991 (*e.g.*, R.1845, R.2362). Vornado's principal claim in the District Court was that the accused vane structure infringed this registered trademark (R.2-4). The District Court not only rejected this claim on the merits (R.1165-68), but found that Vornado's trademark application "suffered from a lack of candor" (R.1168). Vornado did not appeal from the dismissal of its registered trademark claim.

The District Court's Decision

On March 4, 1994, the District Court rendered a 71-page Memorandum and Order which concluded, after extended analysis, that Vornado was entitled to certain prospective injunctive relief under 15 U.S.C. § 1125(a). The District Court repeatedly acknowledged, however, that the plaintiff's right to relief was not clear, and that "even after the institution of suit, . . . because of Vornado's claims in the '324 Patent it was reasonable for Duracraft to continue using the spiral grill until such time as this court could make a determination as to whether or not the grill was a protected trade dress" (R.1202).

The District Court found that Duracraft had at all times acted in "good faith" (R.1203). "It is clear," the District Court found, "that in the '324 Patent Vornado claimed that the spiral configuration of the grill was functional" (R.1212). The District Court found that Duracraft designed the DT-7 "based on a good faith belief that the grill design was, as a matter of law, part of the public domain" (R.1155). The District Court found that Duracraft "did indeed rely on the '324 Patent and . . . that it was reasonable to do so" (R.1188). "Duracraft," the District Court found, "cannot be said to have acted with a bad or wrongful motive when it adopted the spiral grill" (R.1192).

The District Court further found that Vornado was "guilty of laches" (R.1200) and had otherwise acted inequitably (R.1168). The District Court rejected all of Vornado's prayers for monetary relief or costs. The District Court further ordered that all 1.7 million "Turbo Fans" sold through the time of trial could remain in the field and that Duracraft was entitled to continue selling the "Turbo Fan" in its current form through at least June 15, 1994. The District Court, in short, let stand an environment in which, over a period of four years, some 2.2 million "Turbo Fan" units had been sold and delivered – many times the number of VORNADO® "Air Circulator" products sold during the same period.

Despite this existing reality, the District Court ordered Duracraft to re-design or else discontinue selling the Model DT-7 "Turbo Fan" after June 15, 1994, on the supposed authority of 15 U.S.C. § 1125(a). The District Court entered this injunction notwithstanding that the accused vane structure was in the public domain under long-expired patents (R.2133-40) and under claim limitations in existing patents which this very Petitioner held on the so-called "trade dress" in suit (R.1714-22, R.1231-43).

The District Court appeared to assume that 15 U.S.C. § 1125(a) encompassed and regulated use of any and every type of product configuration, regardless of the standards or requirements of federal patent law. Under the District Court's approach (which Petitioner now urges upon this Court), no one can practice the subject matter of an expired patent unless they are prepared to bear the burden of proving[7] to a jury, as a fact, that use of structures disclosed in an expired patent is a matter of competitive survival in some undefined market.[8]

The Stay Pending Appeal

The District Court stayed enforcement of its prospective injunction so as to allow Duracraft to seek a stay pending appeal (R.1596, R.1598). On July 5, 1994, Duracraft moved for a stay pending appeal, which motion the Court of Appeals granted by Order entered July 12, 1994. The stay remained in effect throughout the pendency of Duracraft's appeal.

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7 The Tenth Circuit considers "functionality" to be in the nature of an affirmative defense to infringement (58 F.3d at 1503 & n.10).

8 The DURACRAFT® Model DT-7 "Turbo Fan" is not competitive with any VORNADO® "Air Circulator" product sold by Petitioner. The District Court found that the products are "sold predominantly in different outlets" and "there is a large price disparity between the DT-7 and even the least expensive Vornado fan" (R.1193, 1190).

The Decision of the Court of Appeals

On July 5, 1995, the Tenth Circuit reversed the District Court's judgment and entered judgment for Duracraft, with costs. The Tenth Circuit held that, while "certain nonfunctional configurations of goods" could receive "trade dress" protection under 15 U.S.C. § 1125(a), the particular configuration claimed by this Petitioner was ineligible for such protection.

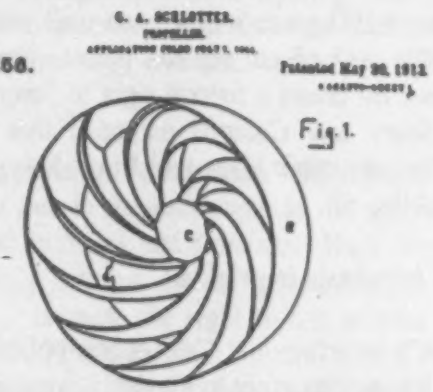
The Tenth Circuit began by observing that the so-called "trade dress" claimed by Petitioner was a "significant inventive component of an invention covered by a utility patent" (58 F.3d at 1500), and moreover, "was not patentable by itself because a spiral grill per se was already in the public domain" under long-expired patents (*id.*). Duracraft had designed around the Petitioner's patents and was using the accused vane structure for one of its designed purposes: a fan grill.

The Petitioner's "trade dress" claim thus collided head-on with a century's worth of this Court's decisions holding that:

> It is self evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent *becomes public property*. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent *there passes to the public* the right to make the machine in the form in which it was constructed during the patent.

Singer Mfg. Co. v. *June Mfg. Co.*, 163 U.S. 169, 185 (1896) (emphasis added); *accord Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989); *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 231 (1964); *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 119-20 (1938).

The Tenth Circuit cited "expired U.S. Patent No. 1,062,258, a utility patent issued May 20, 1913, to G.A. Schlotter" (58 F.3d at 1500), Figure 1 of which is depicted below:



Under federal patent law, the right to make and sell vane structures having the design depicted above, and obvious variations thereof, "passe[d] to the free use of the public" more than 60 years ago. *Bonito Boats*, 489 U.S. at 152. It did so, not because some litigant proved that the design was "functional,"[9] but automatically by operation of federal patent law, the "ultimate goal" of which is "to bring new designs and technologies into the public domain through disclosure." *Id.* at 151. Knowledge taught in an expired patent "'enures to the people, who are thus enabled *without restriction* to practice it and profit by its use.'" *Id.* (quoting *United States* v. *Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933) (emphasis added)).

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[9] The Tenth Circuit aptly observed, "[T]he inventor's supply of ideas itself and freedom to experiment with them might diminish if the inventor had to do a competitive market analysis before adopting useful features from others' inventions once their patents expired" (58 F.3d at 1508).

This Court in *Bonito Boats* specifically rejected the view of federal patent law put forward by Petitioner here, and held, with emphasis, that:

> [f]or almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to "copy and to use." *Sears* and *Compco* extended that rule to potentially patentable ideas which are fully exposed to the public.

489 U.S. at 165 (emphasis in original).

Petitioner's assertion that "'the public policy involved in this area of the law [is], not the *right* to slavishly copy articles which are not protected by patent or copyright, but the *need* to copy those articles,'" (Pet. at 23-24 (quoting *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1339 (C.C.P.A. 1982) (emphasis in original)), is directly contrary to this Court's holding in *Bonito Boats* quoted above, and is based in case law which *Bonito Boats* expressly discredited.[10]

Bonito Boats was merely the latest in a series of this Court's decisions rejecting claims very similar to Vornado's. In *Sears*, the plaintiff had "secured design and mechanical patents on a 'pole lamp'" and had then sought "trade dress" protection for the exact same mechanical configuration after the patents were held invalid. 376 U.S. at 225-26. The Court in *Sears* rejected this claim, holding: "An unpatentable article, like an article on which the patent has

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[10] Prior to *Bonito Boats*, the C.C.P.A.'s successor court had held that "the patent laws 'say nothing about the right to copy or the right to use, they speak only in terms of the right to exclude.'" *Interpart Corp.* v. *Italia*, 777 F.2d 678, 685 (Fed. Cir. 1985) (citation omitted), *overruled by Bonito Boats*, 489 U.S. at 163-65. This Court characterized the Federal Circuit's view as "puzzling" and expressly rejected it. 489 U.S. at 165. Vornado's petition rests on the same erroneous interpretation of federal patent law which this Court rejected in *Bonito Boats*.

expired, is in the public domain and may be made and sold by whoever chooses to do so." 376 U.S. at 231. The same reasoning was applied in *Compco*, where the plaintiff sought "trade dress" protection for the configuration of a lighting fixture on which the plaintiff had procured a design patent that was held invalid. 376 U.S. at 234-35. That claim, too, was held barred by federal patent law. *Id.* at 238.

Vornado's so-called "trade dress" claim in this case conflicted with federal patent law in the same way as did the judgments which this Court reversed in *Sears* and *Compco*. Here Vornado had been able to obtain only narrow patent protection on the "Patented AirTensity™ Grill," because the right to use arcuate vanes on axial flow fans had "passe[d] to the public," *Sears*, 376 U.S. at 230, under long-expired patents. All that Vornado could claim was the use of arcuate vanes whose "maximum lateral spacing between the ribs is inboard from said outer radius" (R.1243, col. 5, ll. 33-35).

"The federal patent scheme provides a basis for the public to ascertain the status of the intellectual property embodied in any article in general circulation." *Bonito Boats*, 489 U.S. at 161. The system here worked precisely as intended: Duracraft ascertained the status of the intellectual property embodied in the "Patented AirTensity™ Grill" as set forth in Vornado's '324 Patent, and designed the accused vane structure in "reasonable" and "good faith" reliance on the claims in that patent (R.1188, R.1155).

By its "trade dress" complaint in this case, Vornado attempted to repudiate the terms of its own patents (R.1192-94, R.1212, R.1605) and establish that the "status" of the intellectual property embodied in the "Patented AirTensity™ Grill" was the opposite of what Vornado's utility patents stated. Vornado sought, not just a "significant restraint," *Bonito Boats*, 489 U.S. at 156, but a total and permanent prohibition on use of a mechanical structure which federal patent law says "may be made and sold by whoever chooses to do so," *Sears*, 376 U.S. at 231.

The Tenth Circuit carefully considered Petitioner's argument that Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a),

authorizes issuance of injunction against making and using structures disclosed in expired patents, so long as the label "trade dress" is used to describe the subject matter of the injunction. The Court of Appeals acknowledged that *some* "'nonfunctional configurations of goods'" (58 F.3d 1506) might "act as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function," *Qualitex Co.* v. *Jacobson Products Co.*, 115 S. Ct. 1300, 1304 (1995) (*see* 58 F.3d. at 1506-07). However, the court concluded that whatever value the "Patented AirTensity™ Grill" might have as a "brand identifier" was outweighed by its value as a product feature:

> [I]f one of the ways to configure the product itself has been deemed important enough to the advance of technology for the government to grant a utility patent, we must find its value as a product feature to exceed its value as a brand identifier in all but the most unusual cases (58 F.3d at 1510).

Here the Petitioner presented no evidence, and the District Court made no finding, that "the *primary* significance of the design in the consumer's mind was as a brand identifier, rather than as a grill type" (58 F.3d at 1502 n.7 (emphasis added)). This failure of proof would have been fatal to the Petitioner's "trade dress" claim, even if bona fide trademark subject matter had been involved. *See Knitwaves Inc.* v. *Lollytogs Ltd.*, 1995 U.S. App. LEXIS 31942, at *36 (2d Cir. Nov. 13, 1995) (finding that to be eligible for protection under Section 43(a), product configuration must "'serve primarily as a designator of origin'" (citation omitted)); *Thomas & Betts Corp.* v. *Panduit Corp.*, 65 F.3d 654, 658 (7th Cir. 1995) (stating that to be eligible for protection under Section 43(a), a "product feature's primary significance to consumers" must be "as an identifier of source or [ ] an element which contributes to the inherent appeal of the product"); *Duraco Prods., Inc.* v. *Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1451 (3d Cir. 1994) (holding that to be eligible for protection under Section 43(a), a configuration must be "primarily source-designating").

There was, however, an even more fundamental defect in Petitioner's claim: the "Patented AirTensity™ Grill" failed to meet the basic definition of a "trademark." The grill structure was not a mere "symbol" used "on" or "in connection with" goods sold by Petitioner, *see* 15 U.S.C. §§ 1125(a), 1127, but was an integral and inseparable part of the goods, without which "the Vornado fan would not be the same fan that it is" (58 F.3d at 1503). By definition, a trademark or "trade dress" used "on" or "in connection with" goods must be capable of being taken "off" while leaving the goods intact.

"It is for Congress to determine if the present system of design and utility patents is ineffectual in promoting the useful arts in the context of industrial design." *Bonito Boats*, 489 U.S. at 168. The Tenth Circuit in this case correctly and properly declined "to undermine Congress' repeated determinations not to afford virtually perpetual protection to product configurations with an expansive construction of section 43(a)." *Duraco*, 40 F.3d at 1447.

Duracraft in this case was accused of doing nothing more than that which this Court, in an unbroken line of decisions dating to 1896, has held is both expressly permitted and indeed is the "ultimate goal" of federal patent law: making and selling goods which incorporate a "design" for whose free use, today, the public long ago paid the price of a patent.

REASONS FOR DENYING THE PETITION

This case involves highly unusual facts which are unlikely ever to occur again. Duracraft is aware of no prior case, and Petitioner cites none, in which a patentee attempted to claim "trade dress" protection for a mechanical structure whose exact shape had been represented to be "optimum" (R.1721), disclosed (R.1716, 1718), and claimed (e.g., R.1722) in a U.S. utility patent, with the purported result that the patentee claimed a right to block off use of the patented structure beyond the scope of its patent, and forever.

The holding of the Tenth Circuit was a narrow one. The Tenth Circuit expressly declined to rule broadly on whether "every useful or potentially patentable product configuration is excluded from

trade dress protection" (58 F.3d at 1503 (footnote omitted)), or whether "utility patents should be viewed differently than design patents" (*id.* at 1503 n.11).

The decision below deals solely with a patentee's bad faith attempt to avoid claim limitations through misuse of federal trademark law. The Petitioner attempted to enjoin Duracraft's use of the accused vane structure on the basis of a federal trademark registration which Petitioner procured by means which the District Court found "suffered from a lack of candor" (R. 1168). The Petitioner's "trade dress" claim was a back-up to a state law "unfair competition" claim which even Petitioner concedes was barred by federal patent law.

The decision of the Tenth Circuit does not conflict with that of any other Court of Appeals and merely applies the decisions of this Court to the unique facts of the present case.

I. THE DECISION BELOW FOLLOWS AND CORRECTLY APPLIES THIS COURT'S DECISIONS.

In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court announced a "federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." *Compco*, 376 U.S. at 237, *quoted in Bonito Boats*, 489 U.S. at 153.

"[T]he operative principle of *Sears* and *Compco* is a federal law concept of 'public domain.'" Dabney, *State Law Protection of Intellectual Creations: Privacy and Preemption*, 38 Syracuse L. Rev. 653, 663 (1987). Product designs in the public domain can be "copied in every detail by whoever pleases," *Compco*, 376 U.S. at 238, and "made and sold by whoever chooses to do so," *Sears*, 376 U.S. at 231, *quoted in Bonito Boats*, 489 U.S. at 153.

Prior to *Sears* and *Compco*, it had long been the law that a patentee could not extend its monopoly "by resorting to the trademark

law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of [an] expired patent, whether or not such matter describes essential elements of the invention or claims." *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945); *see Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 117-20 (1938). "*Sears* and *Compco* extended that rule to potentially patentable ideas which are fully exposed to the public." *Bonito Boats*, 489 U.S. at 165.

Bonito Boats reaffirmed the "'strong federal policy favoring free competition in ideas which do not merit patent protection,'" 489 U.S. at 168 (quoting *Lear, Inc. v. Adkins*, 395 U.S. 653, 656 (1969)), and restated the *Sears-Compco* doctrine as follows:

> [I]deas once placed before the public without the protection of a valid patent are subject to appropriation *without significant restraint*.
>
> At the heart of *Sears* and *Compco* is the conclusion that the efficient operation of the federal patent system depends upon *substantially free trade in publicly known, unpatented design and utilitarian conceptions*.

489 U.S. at 156 (emphasis added).

Vornado asserted two "unfair competition" claims in the District Court: one arising under "common law" (R.6) and one arising under 15 U.S.C. § 1125(a) (R.4). The District Court concluded that the substance of these two claims was "identical" (R.1214).

Vornado effectively concedes that its state law "unfair competition" claim was and is barred under federal patent law, as most recently expounded in *Bonito Boats*. Yet Vornado argues that the reasoning of *Bonito Boats* does "not limit" (Pet. at 17) Vornado's identical claim, seeking identical relief, arising under Section 43(a), based on the following passage from *Bonito Boats*:

> Congress has thus [in Section 43(a)] given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.

489 U.S. at 166.

Far from supporting Vornado's position, the language quoted above actually confirms the correctness of the decision of the Court of Appeals in this case. The "federal right to 'copy and to use,'" restated in *Bonito Boats*, 489 U.S. at 165, has *always* been accompanied by a duty to refrain from misrepresenting the source of the "copies." In *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169 (1896), for example, the Court held:

> But it does not follow, as a consequence of a dedication, that the general power, vested in the public, to make the machine and use the name imports that there is no duty imposed, on the one using it, to adopt such precautions as will protect the property of others and prevent injury to the public interest, if by doing do so no substantial restriction is imposed on the right of freedom of use.

163 U.S. at 186.

The same point was made in *Compco*, 376 U.S. at 238:

> A State of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original.

The reference to Section 43(a) in *Bonito Boats* merely reiterated what this Court has consistently held: "'[T]he law which

permits one to market an identical copy of his competitor's product does not give him freedom to imitate the appearance of the *package* in which the article is sold.'" *Fabrica Inc.* v. *El Dorado Corp.*, 697 F.2d 890, 895 (9th Cir. 1983) (citation omitted) (emphasis added); *see Bonito Boats*, 489 U.S. at 154 (noting that states may protect "'distinctive dress in the packaging of goods'") (quoting *Sears*, 376 U.S. at 232).

No claim is made, or could be made, that the "Patented AirTensity™ Grill" constitutes "packaging" used "on" or "in connection with" goods sold by Petitioner, and which could be removed while leaving the goods intact. It is, rather, a "significant inventive element of Vornado's patented fans" (58 F.3d at 1510), without which "the Vornado fan would not be the same invention that it is" (*id.* at 1503). Nothing in the text of Section 43(a) encompasses such a structure,[11] and the plain meaning of the words "trade dress" excludes it as well.

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[11] The Congress knows how to enact trademark protection for product configurations when that is intended. Section 23(c) of the Lanham Act, 15 U.S.C. § 1091(c), provides that for purpose of registration on the *supplemental* register, "a mark may consist of any trade-mark, symbol, label, package, *configuration of goods*, . . . or device" (emphasis added). The supplemental register was established to facilitate the registration in foreign countries of subject matter, such as "configuration of goods," which the United States did not regard as trademark (as distinct from patent) subject matter. *See Hearings on H.R. 9041 Before the House Comm. on Patents*, 75th Cong., 3d Sess. 180 (1938) ("The primary purpose of this supplemental register is to get registration abroad."). Registration on the supplemental register expressly does not imply any exclusive trademark rights in the United States. 15 U.S.C. § 1094.

II. THE DECISION BELOW DOES NOT CONFLICT WITH THAT OF ANY OTHER CIRCUIT.

Contrary to Vornado's assertion, the Tenth Circuit's decision is fully in accordance with the reasoning and holdings of the latest decisions of the Courts of Appeals dealing with product configurations. It is widely recognized that:

> [t]he penumbra of the federal patent laws restricts the degree to which courts may grant legal recognition of consumer reliance on product configurations as source indicators, for their limited scope of protection impliedly imposes restraint on the workings of Section 43(a).

Versa Products Co. v. *Bifold Co.*, 50 F.3d 189, 204 (3d Cir.), *cert. denied*, ___ U.S. ___, 116 S. Ct. 54 (1995); *accord Elmer* v. *ICC Fabricating, Inc.*, 67 F.3d 1571, 1580 (Fed. Cir. 1995) (holding that a patentee cannot "bypass the statutory requirements of the patent laws and obtain broadened patent protection under the guise of trade dress law"); *Thomas & Betts Corp.* v. *Panduit Corp.*, 65 F.3d 654, 658 (7th Cir. 1995) ("[T]he penumbra of the patent laws require[s] that competitors be able to slavishly copy the design of a successful product."); *Jeffrey Milstein, Inc.* v. *Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995) ("[O]verextension of trade dress protection can undermine restrictions in copyright and patent law.").

The Tenth Circuit's decision in this case is merely a particularized application of the principle cited above, and was occasioned by an egregious attempt by this Petitioner to broaden a patent monopoly through misuse of federal trademark law. There is nothing in the assertedly "conflicting" decisions cited by Vornado which indicates that those other courts would reach a different result on the facts of this case than the Tenth Circuit reached here.

Kohler Co. v. *Moen Inc.*, 12 F.3d 632 (7th Cir. 1993), did not arise under 15 U.S.C. § 1125(a), involved no prayer for injunctive relief, and involved no issued or expired patents. The issue in *Kohler* was whether the ornamental shape of a bathroom faucet

fixture which allegedly had acquired "secondary meaning" could be registered as a "trademark" under 15 U.S.C. § 1052. The *Kohler* court stated that "a product's shape is never inherently distinctive," 12 F.3d at 641 n.11, and the Seventh Circuit has since clarified that under Section 43(a), courts may not enjoin use of a product configuration "whose value to consumers is intrinsic and not *exclusively* as a signifier of source," *Thomas & Betts*, 65 F.3d at 657 (emphasis added). The Petitioner's "trade dress" claim clearly would have failed under the law of the Seventh Circuit.

Ferrari S.P.A. Esercizio v. *Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, 112 S.Ct. 3028 (1992), was a suit to enjoin sales of exact replicas of Ferrari automobiles whose exterior shape was found to have "secondary meaning." The *Ferrari* case involved no issued or expired patents, but merely an argument by the defendant that "automobile designs are to be protected from copying pursuant to the *design* patent statute." 944 F.2d at 1240 (emphasis added). The Tenth Circuit in the present case expressly declined "to take a position on whether utility patents should be viewed differently than design patents" (58 F.3d at 1503 n.11). This Court in *Bonito Boats* observed, "Trade dress is, of course, potentially the subject matter of *design* patents." 489 U.S. at 154 (emphasis added).

Nothing in the *Ferrari* case holds that use of structures disclosed in an expired *utility* patent can be enjoined under 15 U.S.C. § 1125(a), or that the holder of a *utility* patent can avoid claim limitations by characterizing claimed structures as "trade dress." Further, the conclusion of "secondary meaning" in *Ferrari* was not based on the "primary significance" standard which this Court subsequently endorsed in *Qualitex*, 115 S. Ct. at 1303.

Clamp Mfg. Co. v. *Enco Mfg. Co.*, 870 F.2d 512 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989), was a suit to enjoin use of a "C" clamp. The Ninth Circuit affirmed, as not clearly erroneous, factual determinations that the design of the "C" clamp in question was "nonfunctional" and had acquired "secondary meaning." 870 F.2d at 516-17. The *Clamp* decision did not cite to *Bonito Boats* or any of its predecessors, and "appears to have assumed without discussion that

all nonfunctional product configurations can be used as trademarks or trade dress" (58 F.3d at 1509).

The *Clamp* decision was issued just a few days after this Court's *Bonito Boats* decision and relied on C.C.P.A. authority which this Court clearly discredited in *Bonito Boats*. 870 F.2d at 516 (citing *Morton-Norwich*). Yet even the *Clamp* decision required proof of "secondary meaning" as a condition to "trade dress" protection of a product configuration. As noted above, the Petitioner here failed to establish "secondary meaning," *i.e.*, that the "primary significance of the design in the consumer's mind was as a brand identifier, rather than as a grill type" (58 F.3d at 1502 n.7). The Petitioner's claim would thus have failed in the Ninth Circuit too.

The Tenth Circuit's conclusion that "the functionality doctrine does not eliminate overlap between the Patent Act and the Lanham Act" (58 F.3d at 1507) in no way conflicts with that of any other Circuit. The Tenth Circuit has its own judge-made definition of "functionality" which considers "whether 'the protection of the configuration would "hinder competition or impinge upon the rights of others to compete effectively in the sale of goods."'" *Brunswick Corp.* v. *Spinit Reel Co.*, 832 F.2d 513, 519 (10th Cir. 1987) (quoting dictum from *Sno-Wizard Mfg., Inc.* v. *Elsemann Prods. Co.*, 791 F.2d 423, 426 n. 3 (5th Cir. 1986) (citation omitted)).

The Tenth Circuit's definition of "functionality" is largely if not wholly extraneous to the legal standards governing the grant or denial of patents (58 F.3d at 1506). Like much of the law cited in Vornado's petition, the *Brunswick* "test" of "functionality" was announced prior to *Bonito Boats* and does not even purport to accommodate the "federal right to 'copy and to use'" which that decision reaffirmed, 489 U.S. at 165, and which all of the Courts of Appeals are now recognizing and incorporating into their Section 43(a) jurisprudence.

The Seventh Circuit, for example, one of those circuits which Petitioner claims is in "conflict" with the Tenth Circuit, recently cited the Tenth Circuit's decision and held:

> Copying is not only good, it is a federal right -- a necessary complement to the patent system's grant of limited monopolies.

Thomas & Betts, 65 F.3d at 657.

In short, Petitioner's claim of "conflict" with other Circuits is based on the same superficial and erroneous interpretation of precedents which gave rise to this frivolous lawsuit in the first place. Duracraft has been put to unconscionable burden and expense in defending this three-year-old case which should now, finally, come to an end.

The decision below follows faithfully the decisions of this Court and is in the mainstream of the latest decisions of the Courts of Appeals dealing with product configurations.

CONCLUSION

The petition should be denied.

Dated: December 1, 1995

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